

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

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| IN RE: MIDAMERICAN ENERGY COMPANY | DOCKET NO. RPU-04-3 |
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ORDER REQUIRING ADDITIONAL INFORMATION

(Issued January 13, 2005)

On December 21, 2004, MidAmerican Energy Company (MidAmerican) filed with the Utilities Board (Board) an application for determination of ratemaking principles pertaining to a proposed 30 MW to 90 MW expansion of its original 310 MW wind-powered generation project. MidAmerican plans to expand at one or both of the sites where the 310 MW of wind turbines are currently being constructed.

As part of its filing, MidAmerican submitted a stipulation and settlement signed by MidAmerican and the Consumer Advocate Division of the Department of Justice. In reviewing the ratemaking principles application and settlement, the Board has several questions. The questions can best be answered in written form because they may require data or information that witnesses may not have readily available at a hearing. Therefore, the Board will ask the questions now and, in view of the expedited procedural schedule requested by MidAmerican and set by the Board in its January 4, 2005, order, require MidAmerican to respond to the questions within seven days of the date of this order.

The questions are as follows:

1. Settlement Article II, Terms "1d" and "1e" specify that the Iowa jurisdictional portion of renewable energy credits, carbon tax credits, and federal production tax credits associated with the Expansion Project shall be recorded above-the-line by MidAmerican. Will this treatment also apply to any other incentives or credits that might be available for the Expansion Project? If not, explain how the other incentives or credits will be treated.

2. Settlement Article II, Term "2a" refers to an "enclosed Attachment," that is not included with the Settlement (Exhibit DAC-1, Schedule 1). Provide a copy of this Attachment.

3. The revenue freeze and revenue sharing settlement approved in Docket No. RPU-03-1 and the one-year extension proposed in this case (Settlement Article II, Terms "2a" and "2b") restricts MidAmerican from seeking a general rate increase before 2012 unless its Iowa jurisdictional return on equity (ROE) falls below 10 percent.

a) Hypothetically, what would be the impact on MidAmerican's imputed 17.31 percent Iowa jurisdictional ROE (as reported in MidAmerican's most recent Docket Nos. RPU-01-3 and RPU-01-5 revenue sharing report, filed January 30, 2004) if MidAmerican's generation construction program (i.e., GDMEC, CB4, the 310 MW wind farm, and the proposed Expansion Project) had been fully built and operational in 2003? Provide two separate estimates, including and excluding estimated revenues from renewable energy credits and carbon tax credits.

b) What are the Iowa jurisdictional ROEs currently projected by MidAmerican for each of the years 2004 through 2011, assuming approval of MidAmerican's wind farm Expansion Project and assuming no general increases in MidAmerican's Iowa retail rates? Provide two separate sets of estimates, including and excluding estimated revenues from renewable energy credits and carbon tax credits.

4. The one-year extension of the Docket No. RPU-03-1 revenue freeze and revenue sharing settlement proposed in this case (Docket No. RPU-04-3) appears to be similar to the one-year settlement extension proposed October 18, 2004, in MidAmerican's rate equalization case (Docket No. RPU-04-2). How would approval of the one-year settlement extension in this case affect MidAmerican's proposal in the rate equalization case?

5. Settlement Article II, Term "2b" specifically allows for "the implementation, prior to December 31, 2011, of any electric rate or tariff changes approved by the Board in Docket No. RPU-04-2 and associated dockets." Does the settlement in any way prohibit the Board from ordering any other changes in electric rates prior to December 31, 2011, designed to minimize or eliminate rate disparities based on customer location or rate disparities not justified by the costs of providing utility service, or for any other public policy reason provided that any such changes in rates are designed in the aggregate to be revenue neutral to MidAmerican? If so, explain how.

6. Provide the corporate bond yield average for public utility A-rated utility bonds for each month over the last year.

7. Section 1.6 of the Application contains the transmission system analyses performed for the original wind power project. MidAmerican's witness testifies that MidAmerican is still working on certain transmission improvements required by the Mid-Continent Area Power Pool Design Review Subcommittee. Does MidAmerican anticipate that the proposed 30 MW-90 MW addition at the original transmission interconnection site would require transmission system improvements and upgrades (comparable to the ones required by the original wind generation additions) to maintain reliable and adequate service from the local and regional perspective?

8. When does MidAmerican anticipate starting the system reliability studies to determine interconnection requirements and network upgrades required to accommodate the proposed expansion on the existing transmission system? When will these studies be completed?

9. The original wind power project required an investment of \$12 million for off-site transmission. Does MidAmerican anticipate an increase in this investment? Provide estimates of the additional off-site transmission investments needed to accommodate the proposed expansion. Also, provide an explanation with diagrams of any off-site transmission system additions needed.

10. How will MidAmerican ensure that the interconnection of the proposed project will not degrade the adequacy, reliability, or operating flexibility of the existing transmission system?

IT IS THEREFORE ORDERED:

MidAmerican Energy Company shall provide the information identified in this order within seven days of the date of this order.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 13th day of January, 2005.